



SVMG

MP04-2800

September 24, 2004

224 Airport Parkway, Suite 620
San José, California 95110
(408)501-SVMG (7864) Fax (408)501-7861
<http://www.svmg.org>

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The Honorable Michael K. Powell
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

04-36
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Dear Chairman Powell:

As job providers and telecommunications customers in Silicon Valley and beyond, we are writing to ask the FCC to assert exclusive jurisdiction over Voice Over Internet Protocol (VOIP) in the context of the Vonage petition - which would eliminate the state role vis-a-vis VOIP for consumer protection, state universal service funds, E-911 assessments, inter-carrier compensation, interconnection and any other issues.

It is essential that the states be preempted from crippling regulatory intrusion into this emerging technology.

There should be a "balanced" solution on VOIP nationwide, not on a state-by-state basis. California must be able to remain competitive in this key emerging technology.

The Silicon Valley Manufacturing Group (SVMG) represents 195 of Silicon Valley's most respected employers and electricity customers, which collectively provide more than 235,000 jobs ---or one in every four---in Silicon Valley.

Today VOIP traffic is a relative small proportion of overall voice traffic, however, all indications are that it will or could grow rapidly within the next few years. Because of the nature of IP services the FCC should expeditiously declare jurisdiction over these services and make it clear to the states that this is a national matter. As long as regulatory uncertainty exists Consumers are denied the benefits of a robust fully competitive market, as carriers are uncertain as to which way to deploy these new services. Ultimately IP services should only be subjected to minimal, narrowly tailored regulations necessary to implement important public policy goals, such as 911, disability access, universal service and consumer protection.

As you know, there are several legislative proposals pending in Congress addressing regulatory issues involving Voice over Internet Protocol ("VoIP") services. These services allow voice communications to be converted into "packets" and transported over an IP network, such as the public Internet or a privately managed IP network, to the desired location. Each of the pending legislative proposals incorporates a fundamental provision that declares VoIP services to be inherently interstate in nature. We strongly agree with this broadly-accepted cornerstone of pending VoIP legislation. We believe that such an important, but narrow, finding cannot wait for a more comprehensive VoIP bill to work its way through the legislative process. Therefore, we are writing to urge the Federal Communications Commission (the "Commission") to immediately declare that it has exclusive jurisdiction over VoIP services.

On the merits, we believe the Commission is on very firm ground to rule in such a manner. VoIP services enable consumers to make calls within their communities, across the country, or anywhere in the world. With some VoIP services, a consumer can use his or her phone even when traveling. IP technology also allows VoIP providers to integrate video conferencing, document

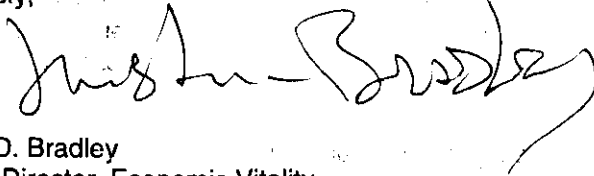
sharing, the forwarding of voice messages to electronic mail addresses, and other enhanced functionalities, all without regard to state boundaries. Finally, a VoIP customer's phone number is not necessarily restricted by geographic boundaries: a customer living in Seattle could have a Boston phone number. In light of the foregoing, it simply makes no sense to impose a collage of 52 different regulatory regimes on a service that has an inseverable interstate (and international) component.

The Commission has before it a Petition for Declaratory Ruling filed by Vonage Holdings Corporation. This petition gives the Commission an appropriate opportunity to immediately declare that VoIP services, whether traversing the public Internet such as Vonage's or over privately managed IP networks, are interstate in nature and subject to the Commission's exclusive jurisdiction.

We therefore urge the Commission to expeditiously issue a declaratory ruling that VoIP services are interstate and thereby subject to the Commission's exclusive jurisdiction. We also recognize that there are other issues the Commission is considering in the context of its Notice of Proposed Rulemaking regarding IP-enabled services. We hope the Commission addresses these issues, such as inter-carrier compensation, universal service support, public safety, and disability access, in a timely manner as well.

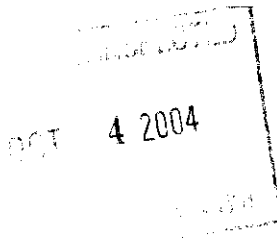
We thank you for your consideration, and we appreciate your prompt attention to this matter.

Sincerely,



Justin D. Bradley
SVMG Director, Economic Vitality

Cc: Honorable Anna Eshoo



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